

## **TENNESSEE STATE FUNDING BOARD**

**April 7, 2016**

The Tennessee State Funding Board (the "Board") met on Thursday, April 7, 2016, at 3:35 p.m., in Executive Conference Room, State Capitol, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee  
The Honorable Justin Wilson, Comptroller of the Treasury  
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:

The Honorable Bill Haslam, Governor  
The Honorable David Lillard, State Treasurer

Seeing a physical quorum present, Mr. Wilson called the meeting to order and asked for approval of the minutes from the March 10, 2016, meeting. Commissioner Martin made a motion to approve the minutes. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Ms. Sandra Thompson, Director of the Office of State and Local Finance and Assistant Secretary to the Board, to present a summary of the RFQ/RFP process and the consideration of proposals received for the selection of bond counsel. Ms. Thompson explained that in December 2015 the Board directed staff to develop a Request for Qualifications (RFQ) for firms to serve as bond counsel. The RFQ was electronically distributed on January 12, 2016, with written responses due by email on January 29, 2016. Timely responses were received from eight bond counsel firms. The RFQ responses were reviewed and discussed among staff representative of the Board and a short list of four bond counsel firms, whose submissions were considered to be the most qualified and responsive, were identified. Ms. Thompson explained that a Request for Proposal (RFP) was distributed to the four firms on February 17, 2016, along with a request for input on the terms of the proposed pricing structure. Written proposals to the RFP were due on February 26, 2016. Ms. Thompson then stated that staff representatives of the Board met to discuss the RFP responses. Ms. Thompson stated that during the review and discussion, strengths and weaknesses for each of the proposals were identified and one firm was eliminated because the proposal was more generic in nature and less responsive to the questions posed. Of the remaining firms, the proposal from Hawkins, Delafield, and Wood (HDW) stood out as the strongest and the pricing was identified as the most competitive. Mr. Wilson then commented that he had reviewed the responses to the RFP and concurred with staff's analysis. Mr. Wilson then stated that he was pleased with the current service of HDW. Mr. Wilson made a motion to allow negotiation of a five-year contract with HDW and to allow the Comptroller to execute such contract. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. Tim McClure, Director of Cash Management of the State of Tennessee Treasury Department, who presented for approval revisions to the State Pooled Investment Fund (SPIF) Investment Policy. Mr. McClure explained that in December 2015 the Governmental Account Standards Board (GASB) issued GASB 79, which laid out the guidelines for certain external investment pools to be able to operate at a stable dollar and be able to report at amortized cost. Mr. McClure stated that it has always been the intention of the SPIF to operate under the rules of GASB and that the SPIF Investment Policy presented for approval would be in full compliance with the requirements of GASB 79. Mr. McClure stated that staff would like to recommend a transition period up until July 1, 2016 to allow time for the state to move into full compliance with the proposed changes. Mr. Hargett made a motion to approve the SPIF

Investment Policy effective July 1, 2016. Mr. Wilson seconded the motion, and it was unanimously approved.

After requesting other business and hearing none, Mr. Wilson adjourned the meeting.

Approved on this 9<sup>th</sup> day of May 2016.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary